

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 EB-11

AID-20 IGA-02 COME-00 FAA-00 TRSE-00 OMB-01 DOTE-00

CAB-09 RSR-01 /133 W

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R 311835Z JUL 73

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0426

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE GUATEMALA 3674

E.O.11652: N/A

TAGS: ETRN

SUBJECT: PAN AMERICAN SITUATION - INITIAL IMPROVEMENT FOLLOWED BY
PARTIAL SETBACK

REF: STATE 133077 NOTAL

1. DURING PAST WEEK PAN AM PROBLEM APPEARED INITIALLY AT POINT
RESOLUTION AS RESULT HIGH LEVEL GOG OFFICIAL/PAN AM NEW YORK
OFFICE REPRESENTATIVE DISCUSSIONS BUT SUFFERED PARTIAL SETBACK
FOLLOWING REPRESENTATIVES' DEPARTURE. ON JULY 23 MESSRS. WILLIAM
CRILLY, EXEC. VICE PRES., PAUL RENNEL, DIVISIONAL VICE PRES. FOR
LATIN AMERICAN AND GEORGE BROWN, SENIOR DIRECTOR, INTERNATIONAL AND
REGULATORY AFFAIRS ACCOMPANIED BY PAN AM GUATEMALA REPRESENTATIVES
DAVIDSON AND WILSON CALLED ON ME TO PRESENT A SITUATION REPORT.
THEY HAD SEEN MINISTER OF COMMUNICATIONS ANZUETO THE SAME DAY AND
WERE QUITE CONFIDENT THAT THEIR OPERATING PERMIT WOULD BE
EXTENDED THROUGH OCTOBER 28 WITHOUT RESTRICTION. ALTHOUGH
THEY HAD NOT YET RECEIVED SUCH PERMISSION, THEY HAD LEFT THE
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MEETING WITH THE UNDERSTANDING THAT IT WOULD BE GRANTED BEFORE

THEIR DEPARTURE THE NEXT DAY. THE EXPLANATION THEY GAVE FOR THE GOG'S APPARENT ABOUT FACE RESTS BOTH WITH PAN AM'S NEW WINTER SCHEDULE AND WITH THE GOG'S FIRM DECISION TO REORGANIZE AVIATECA. WITH REGARD TO THE WINTER SCHEDULE THE PAN AM REPRESENTATIVES NOTED THAT IT MESHED NEATLY WITH THE GOG-AVIATECA DESIRES. THAT IS, PAN AM INTENDS TO REDUCE ITS MIAMI-GUATEMALA FLIGHTS FROM 10 TO 7 A WEEK AND TO CUT ITS CAPACITY ON THE GUATEMALAN-SAN PEDRO FLIGHTS BY OVER 40 PERCENT. WITH REGARD TO AVIATECA, PAN AM REPRESENTATIVES SAID THEY DISCUSSED WITH ANZUETO THE POSSIBILITY OF ASSISTING AVIATECA TO LINK UP WITH DOMESTIC US AIRLINES SERVING THE MID WEST, TECHNICAL ASSISTANCE AND EQUIPMENT NEEDS.

2. AUTHORIZATION DID NOT COME WHILE THE NEW YORK REPS WERE IN TOWN, HOWEVER, AND IN FACT DAVIDSON HAD TO CALL VICEMIN COMMUNICATIONS BELTRANENA LATER IN WEEK TO OBTAIN INFORMATION. HE WAS INFORMED THAT GOG WOULD CONTINUE PERMIT PAN AM EXERCISE FIFTH FREEDOM RIGHTS ON THE HOUSTON-MEXICO-SAN PEDRO-GUATEMALA RUN BEGINNING AUGUST 1. IN RESPONSE TO DAVIDSON'S REQUEST, BELTRANENA AGREED RECONSIDER ISSUE IN MEETING LATER IN WEEK. AT THAT MEETING, IN WHICH NWVIATECA MANAGDK SENN PARTICIPATED, DAVIDSON WAS GIVEN WRITTEN AUTHORIZATION FOR HOUSTON-MEXICO-GUATEMALA RUN UNTIL OCTOBER 28. FIFTH FREEDOM RIGHTS ON MIAMI-SAN PEDRO-GUATEMALA RUN WERE EXTENDED ONLY UNTIL SEPTEMBER 5, HOWEVER. SIGNIFICANCE SEPTEMBER

5 DATE IS THAT PAN AM ON SEPTEMBER 6 INTENDS TO ELIMINATE ONE OF ITS TWO DAILY FLIGHTS TO MIAMI. IT ALSO HOPES, HOWEVER, AT THAT TIME TO EXTEND ITS NEW ORLEANS-GUATEMALA FLIGHT TO SERVE SAN PEDRO. TO DO SO IT WILL HAVE TO FILE REQUEST WITH GOG BY AUGUST 5. IN ADDITION TO DENYING FIFTH FREEDOM RIGHTS TO/FROM SAN PEDRO, DAVIDSON REPORTED THAT BELTRANENA AND SENN DISPUTED DEFINITION FIFTH FREEDOM, CLAIMING THAT IT INCLUDED PASSENGERS WHO CHANGED PLANES IN GUATEMALA, EVEN IF THEY HAD PURCHASED COMPLETE TICKET ABROAD, E.G., LOS ANGELES-GUATEMALA-SAN PEDRO. FINALLY, AND NOTWITHSTANDING THEIR REJECTION THIS PORTION PAN AMS SCHEDULE, SENN AND BELTRANENA CONTINUED TO EXPRESS GOG DESIRE PURCHASE PAN AM 720 AND URGED DELIVERY BEFORE END OCTOBER.

3. COMMENT: LOCAL PAN AM OFFICIALS PLAN APPEAL SAN PEDRO RUN RESTRICTION. DAVIDSON SAID HE WILL SEE BELTRANENA THIS WEEK. WILSON INDICATED THAT HE WOULD TALK TO FORMIN AND PRESIDENT ARANA, LIMITED OFFICIAL USE

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FRIENDS OF LONG STANDING. UNTIL WE SEE OUTCOME OF THESE APPROACHES, IT IS HARD TO DETERMINE HOW ADAMANT GOG POSITION IS. SENN APPEARS TO BE PRIME MOVER BEHIND SAN PEDRO RESTRICTION. IF HE SUCCEEDS IN MAKING THIS POSITION STICK, WE MAY BE ON COLLISION COURSE SINCE PAN AM COULD THEN CLAIM GOG HAS UNILATERALLY RESTRICTED ITS RIGHTS AND DEMAND RECIPROCAL ACTION FROM CAB. DECONTROL AFTER 7/31/75 BOWDLER

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